MATERIAL CHANGE REPORT

pursuant to

Section 85(1) of the *Securities Act* (British Columbia)
Section 146(1) of the *Securities Act* (Alberta)
Section 84(1) of *The Securities Act, 1988* (Saskatchewan)
Section 75(2) of the *Securities Act* (Ontario)
Section 81(2) of the *Securities Act* (Nova Scotia)
Section 76(2) of *The Securities Act, 1990* (Newfoundland and Labrador)

1. REPORTING ISSUER

COM DEV INTERNATIONAL LTD. ("**COM DEV**")
155 Sheldon Drive
Cambridge, Ontario
N1R 7H6

2. DATE OF MATERIAL CHANGE

August 9, 2002.

3. PRESS RELEASE

A press release disclosing the material change was issued by COM DEV on August 9, 2002. A copy of the press release is attached hereto as Appendix "A".

4. SUMMARY OF THE MATERIAL CHANGE

COM DEV has disposed of its wholly-owned subsidiary, COM DEV Broadband Inc. ("**COM DEV Broadband**") to Axio Wireless, Inc. ("**Axio**") after determining that it would not be feasible to attract new equity partners within the time frame previously announced. Axio is a corporation majority owned by Mr. John O'Connell, an executive officer of COM DEV Broadband, in which former senior managers of COM DEV Broadband have also acquired a minority interest. Except for a few COM DEV Broadband employees located in Cambridge, Ontario who will transfer to COM DEV Space, all current employees of COM DEV Broadband will continue to be employed by Axio. COM DEV will record a loss on disposal of approximately CDN$11.7 million in its third quarter as a result of this transaction. COM DEV will retain a residual equity position of not less than 13% in Axio.

5. FULL DESCRIPTION OF MATERIAL CHANGE

Description of Transaction. COM DEV has disposed of its wholly-owned subsidiary, COM-DEV Broadband to Axio for nominal consideration after determining that it would not be feasible to attract new equity partners within the time frame previously announced by COM DEV. Axio is a corporation majority owned by Mr. John O'Connell, an executive officer of COM DEV Broadband, in which former senior managers of COM

DEV Broadband have also acquired a minority interest. Except for a few COM DEV Broadband employees located in Cambridge, Ontario who will transfer to COM DEV Space, all current employees of COM DEV Broadband will continue to be employed by Axio. The sale closed on August 9, 2002.

The board of COM DEV had previously determined that it was in the best interests of COM DEV to restructure the business of COM DEV Broadband as a separate company and to seek outside investors in order to reduce the financial burden on COM DEV of COM DEV Broadband. The board had determined that if the restructuring of COM DEV Broadband had not occurred on or about July 31, 2002, COM DEV Broadband would have to be wound up or otherwise cease to operate.

COM DEV elected to transfer the shares of COM DEV Broadband to Axio, rather than winding it up, in order to preserve some upside potential for its previous investment, to preserve jobs and supplier relationships and to avoid any further commitment of management resources to COM DEV Broadband. As part of its arrangement with Axio, COM DEV committed to making a minority equity investment in Axio in the amount of US$2.287 million which amount COM DEV estimates to be comparable to what it otherwise would have cost to shut down COM DEV Broadband. This investment amount is included in the CDN$11.7 million loss COM DEV intends to record in its third quarter.

COM DEV's equity investment in Axio is in the form of preferred stock ("**Preferred Stock**"), initially in the amount of US$1.25 million. Additional equity in Axio was also allocated to COM DEV notionally in satisfaction of certain outstanding inter-company debts owed from COM DEV Broadband to COM DEV or its subsidiaries. These shares represent in the aggregate a 9.31% interest in Axio on a fully-diluted basis. The initial subscription was made on August 9, 2002 concurrently with the transfer of the shares of COM DEV Broadband to Axio.

COM DEV will subscribe for additional Preferred Stock of Axio by August 31, 2002 in the amount of US$1.037 million in cash, after which COM DEV will hold in the aggregate a 13.46% interest in Axio on a fully diluted basis. In addition, COM DEV has agreed that it will use certain of the proceeds from the disposition of the remaining assets of COM DEV's Celcore business to subscribe for Preferred Stock of Axio, subject to such sale being completed by September 16, 2002 and other conditions.

In connection with the above subscriptions, COM DEV has been granted a number of options to subscribe for common stock of Axio. Certain of these options represent anti-dilution options, allowing COM DEV to maintain its percentage ownership in Axio in the event of certain equity issuances by Axio.

Purpose and business reasons for the transaction. M/ERGY is a state-of-the-art wireless Internet access system with significant long-term growth potential. However, delays in commercial deployment have affected COM DEV's ability to maintain the spending levels needed at COM DEV Broadband to develop and sell products as necessary in this market. As a result, on May 29, 2002, COM DEV announced that it was seeking strategic and/or financial partners in COM DEV Broadband to assist in the M/ERGY endeavour.

Given the lack of revenue achieved in COM DEV Broadband, the high levels of expenditures associated with M/ERGY, and the tight credit situation in financial markets, the board determine that it was in the best interests of COM DEV to restructure the business of COM DEV Broadband as a separate company and seek outside investors in order to reduce the financial burden on COM DEV of COM DEV Broadband, and to carry the company to the point of revenue generation, while still maintaining an interest in the M/ERGY technology for COM DEV. COM DEV determined that if such restructuring had not occurred on or about July 31, 2002, COM DEV Broadband would have to be wound up or otherwise cease to operate.

Anticipated effect on COM DEV. As a result of the sale of COM DEV Broadband, COM DEV will record a loss on disposal of approximately CDN$11.7 million in its third quarter. Pursuant to the investments described above, COM DEV will retain an equity interest in Axio, which interest will be assigned only nominal value. Except for a few COM DEV Broadband employees located in Cambridge, Ontario who will transfer to COM DEV Space, all current employees of COM DEV Broadband will continue to be employed by Axio directly or through COM DEV Broadband.

Interests of related parties. John O'Connell, an executive officer of COM DEV Broadband, will be an officer and director of Axio. As well, Mr. O'Connell will own 49.54% of the equity of Axio, after COM DEV's initial investment, on a fully-diluted basis. Mr. O'Connell's interest will be further diluted upon completion of the additional COM DEV investments described above.

Board of directors review and approval process. On July 31**,** 2002, the board of directors met and agreed that the transactions with Axio were in the best interests of COM DEV and that the fair market value of these transactions was less than 25% of COM DEV's market capitalization. It also concluded that there would not be any other reasonable buyer for the COM DEV Broadband assets. Accordingly, the board of directors approved the proposed disposition to, and subscription in Axio. There were no materially contrary views, abstentions, or material disagreements among any of the members of the board of directors present at the meeting regarding the transactions.

Prior valuations. COM DEV has not had a prior valuation conducted in respect of COM DEV Broadband or Axio in the 24 months preceding the date of this material change report, or ever.

Valuation and minority approval exemptions. The proposed transactions described above are regulated by Ontario Securities Commission Rule 61-501 ("**Rule 61-501**"). Under Rule 61-501, an exemption from the requirement to obtain a formal valuation in respect of the transactions, and the requirement to obtain minority approval from the shareholders of COM DEV is available where (i) the board of directors of COM DEV determines that fair market value attributable to the transactions described herein is not greater than 25% of the market capitalization of COM DEV, calculated in accordance with Rule 61-501, and (ii) the facts supporting reliance on the exemption are disclosed in this material change report.

The board of directors determined on July 31, 2002 that the fair market value of COM DEV Broadband was less than 25% of COM DEV's market capitalization. In support of this determination the board cited that as at June 30, 2002, the net assets of COM DEV Broadband were valued at US$5 million. This value is exclusive of inter-company and parent company indebtedness owed by COM DEV Broadband to COM DEV and its affiliates. COM DEV has assigned a nominal value to its equity position in Axio.

Filing of material change report. Rule 61-501 requires that this material change report be filed no less than 21 days before the closing of the transaction. This material change report has not been filed within the time frame set out in Rule 61-501 due to the significant level of uncertainty, up to only hours before reaching agreement, of the likelihood of these transactions being consummated. Once a definitive agreement was reached, it was in the best interests of COM DEV to move quickly to conclude the transactions in order to minimize further use of cash in this business. COM DEV has previously disclosed its intention to restructure COM DEV Broadband as a separate company in its press release of May 29, 2002. In COM DEV's view this is both reasonable and necessary in the circumstances.

6. RELIANCE ON SECTION 75(3) OF THE ACT

Not applicable.

7. OMITTED INFORMATION

None.

8. SENIOR OFFICER

For further information, please contact Gary Calhoun, Chief Financial Officer, at (519) 622-2300, ext. 2826.

9. STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Cambridge, Ontario, this 9th day of August, 2002.

(signed) "Keith Ainsworth"

Keith Ainsworth
President and Chief Executive Officer

APPENDIX "A"
PRESS RELEASE

155 Sheldon Drive, Cambridge, ON, N1R 7H6

COM DEV DISPOSES OF ITS BROADBAND SUBSIDIARY TO AXIO WIRELESS

M/ERGY Expenses to be Fully Terminated in Third Quarter

Cambridge, ON – August 9, 2002 - COM DEV International Ltd. (TSE:CDV) today announced that it has disposed of COM DEV Broadband Inc. to Axio Wireless, Inc. after determining it would not be feasible to attract new equity partners within the time frame previously announced. Axio, which is led and majority owned by John O'Connell and former senior managers of COM DEV Broadband will acquire the shares of COM DEV Broadband. Except for a few COM DEV Broadband employees in Cambridge who will transfer to COM DEV Space, all current employees will continue to be employed by Axio. COM DEV will record a loss on disposal of approximately $11.7 million in its third quarter as a result of this transaction. COM DEV will retain a residual equity position of not less than 13 per cent in Axio.

"This transaction allows us to cleanly close our M/ERGY activity with the end of our third quarter and restore focus on the Company's profitable core space business as promised in our second quarter announcement and conference call," said Keith Ainsworth, Chief Executive Officer of COM DEV International. "I am satisfied that in preserving some upside potential for COM DEV shareholders and protecting jobs and supplier relationships, we have struck the best deal possible for all concerned given the current state of global wireless markets."

About COM DEV
COM DEV International Ltd. (www.comdev.ca) based in Cambridge, Ontario, is the largest Canadian-based designer and manufacturer of space hardware subsystems. COM DEV, with facilities in Canada and the United Kingdom, manufactures advanced products and subsystems that are sold to major satellite prime contractors for use in communications, space science, remote sensing and military satellites.

A Material Change Report in connection with this transaction has been filed with the Ontario Securities Commission.

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procurements and competitive product offerings and pricing, and general economic circumstances, the company's business prospects may be materially different from forward-looking statements made by the company.